

COASTAL VILLAGES REGION FUND CDQ QUARTERLY REPORT

APRIL 1 THROUGH JUNE 30, 2003



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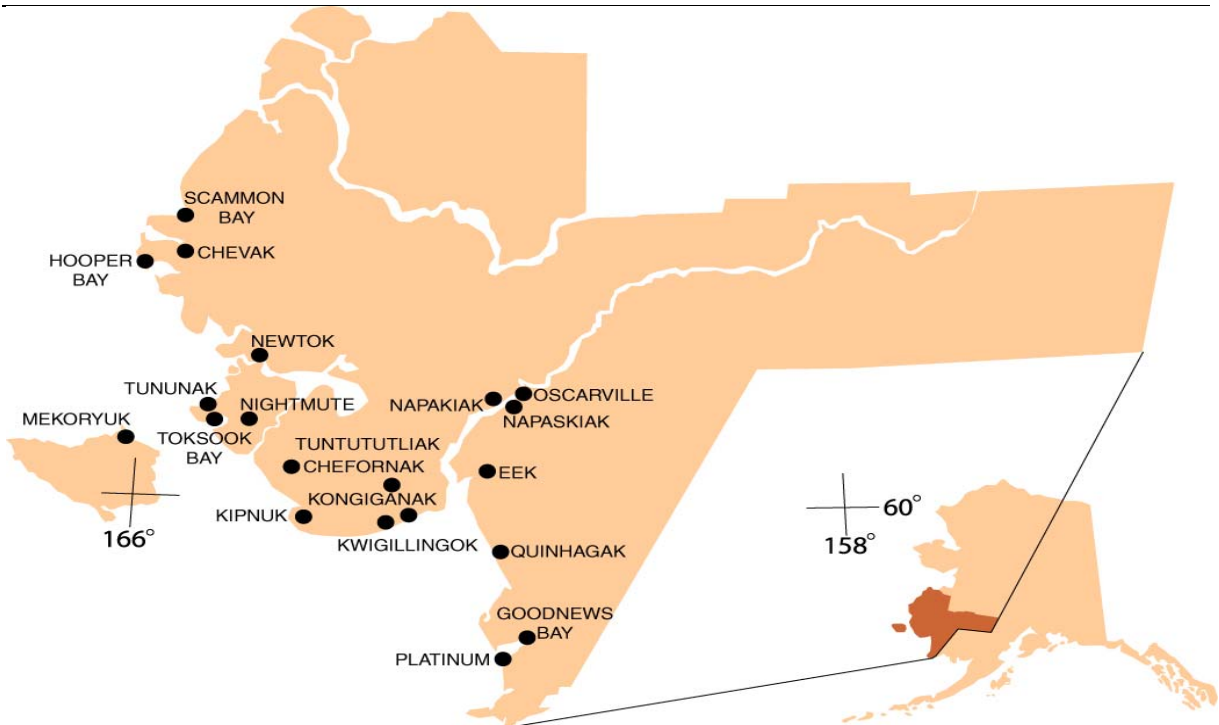


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I. Quarterly Highlights

The Quarterly Highlights section contains an overview of the activities and projects that CVRF had during the 2nd Quarter. These highlights will provide the reader with a general understanding of the progress being undertaken by CVRF to accomplish the goals and programs contained within our 2003-2005 Multi-Species CDP.

- The 2002 Annual Report was distributed in June 2003.
- CVRF promoted a temporary account clerk to a full-time permanent position in June 2003.
- Edward Kiokun from Mekoryuk completed his Administrative Program Assistant internship for the Anchorage office.
- KPMG performed CVRF's financial and milestone audits in April 2003. CVRF received a clean audit opinion.
- The CVRF full board, the CVL board, the CVP board, and the CVQ board met on April 11, 2003 in Bethel.
- The loan program training was held in Bethel on March 25, 2003, and was taught by Wells Fargo, Lynn Wallona, and Jenny Koenig. The majority of the funds approved during the March 2003 round have been dispersed.
- CVRF held a board retreat in Cooper Landing May 1-3, 2003.
- The CVRF full board and all subsidiary boards met in Anchorage June 2-3, 2003.
- The Kipnuk plant bought the first halibut of the year on June 2, 2003. As of June 30, 2003, the CVS halibut plants have purchased 85,900 pounds of halibut from local fishermen at \$1.25 per pound.
- As of June 30, the Toksook Bay halibut plant had the highest fishing activity with 45,464 pounds of halibut purchased.
- The first salmon opener in Quinhagak was June 14, 2003, and had 52 participating fishermen. As of June 30, 2003, the CVS Quinhagak salmon plant has purchased 239,000 pounds of salmon from local fishermen. Prices range from \$.45 to \$.10 a pound for various species.
- The CVS halibut and salmon plants have recruited and hired approximately 250 employees so far for various processing jobs.
- CVS has started construction on two halibut plants, one in Mekoryuk and one in Toksook Bay.
- CVS worked with NorQuest Seafoods to purchase and process all of the herring in the Goodnews Bay, Nelson Island, Nunivak Island, Cape Avinof, and Cape Romanzof districts. CVS paid over \$138,000 in incentive payments to region herring fishermen.
- CVRF has begun the planning and design for fisheries support centers to be constructed in several communities. These centers will provide such things as an office for CVRF/ CVS staff, a place to hang nets and repair equipment, bunk space, and storage space.
- CVC invested 50% in Sanko Fisheries, LLC and Karin Lynn Fisheries, LLC, which own the C/P Alaskan Enterprise and the F/V Karin Lynn, respectively.
- CVC continues to investigate and conduct due diligence in two companies holding crab vessels.
- CVRF loaned \$67,000 to Nunakuiak Yupik Corporation (Toksook Bay) and \$62,000 to Kugkaktlik Limited (Kipnuk) for the purpose of purchasing bulk fuel for the fuel tanks.
- The CVRF investment team is currently involved in several investment negotiations in several sectors.
- Jenny Koenig and Haidee Canete participated in the Alaska Visitor Industry Charity Walk in Anchorage.
- Morgen Crow and Rudy Tsukada gave a one-hour presentation to UAF's Rural Development-Community Development Strategies class.
- The Chevak Community Liaison completed all kits (K-8 and high school) for 194 students.
- The Louis Bunyan Memorial Scholarship received 74 completed applicants to be reviewed by the committee in July for the Fall 2003 semester.
- The Community Program Managers and Community Liaisons administered drug tests in May for the 2003 B Season for American Seafoods.
- Newspaper ads were put in the Delta Discovery and Tundra Drums for the Louis Bunyan Memorial Scholarship and Loan Program deadlines, internship position, and recruitment for the CVS salmon season.
- The Loan Program and the Louis Bunyan Memorial Scholarship sponsored the Native News on KYUK and KSKD radio stations.

- Three Community Liaisons were hired from the CVRF communities.
- A Community Liaison Orientation was conducted in Bethel for four Community Liaisons. In attendance were the Community Program Managers, Employment Coordinator and the Rural Recruiter.
- An Orientation for Success was conducted for four outgoing first-time crewmembers for American Seafoods.
- CVRF applied for and received a grant from the State of Alaska STEP grant program in the amount of \$82,186.
- A successful training for HAACP, paid for by the STEP grant, was held in Hooper Bay for nine region members that are now working in the CVS plants this summer.
- The Community Program Managers and Community Liaisons participated in the Cultural Heritage Workshop in Chevak.
- CVRF hired a Senior Accountant in April 2003.



II. Community Development

A. 2003/2005 Comprehensive Milestone Table for all:

Proposed Projects and Programs:

Offshore Harvesting, Processing, and Investment Program:

Crab Vessel Investments:

1. Investigate vessels or vessel owning companies in the crab sector, including conducting due diligence and researching the issues surrounding the target species when necessary.

In the 2nd Quarter, Coastal Villages Crab, LLC (CVC) invested 50% in Sanko Fisheries, LLC and Karin Lynn Fisheries, LLC, which own the C/P Alaskan Enterprise and the F/V Karin Lynn, respectively. CVC continues to investigate and conduct due diligence in two additional companies holding crab vessels.

2. Coastal Villages Crab, LLC will work together with new crab sector investment partners to provide an analysis prior to the fishing season outlining the maximum capacity of the vessel to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

In the 2nd Quarter, CVC worked with its new crab harvesting and investment partner to provide an analysis of the company's capacity to harvest 2003 Bristol Bay Red king crab. No additional arrangements to lease CDQ to other buyers were necessary.

3. Monitor new investments in the crab sector, including monitoring quota and financial information.

In the 2nd Quarter, CVC continued to monitor the results of operations of the Sanko Fisheries and Karin Lynn. The open access and CDQ Opilio tanner crab harvest was completed during the 1st Quarter.

Groundfish Vessel Investments:

Pacific Cod Investments:

4. Investigate vessels or vessel owning companies in the pacific cod sector, including conducting due diligence and researching the issues surrounding the target species when necessary.

In the 2nd Quarter, Coastal Villages Longline, LLC (CVL), investigated one vessel currently participating in the Pacific cod sector.

5. Coastal Villages Longline, LLC will work together with new pacific cod investment partners to provide an analysis prior to the fishing season outlining the maximum capacity of the vessel to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

CVL had no new investment partners in the 2nd Quarter of 2003, so no capacity analysis or additional arrangements were necessary.

6. Monitor new investments in the pacific cod sector, including monitoring quota and financial information.

CVL had no new investments in the Pacific cod sector in the 2nd Quarter of 2003, so quota harvest monitoring and performance monitoring were not necessary.

Flathead/Rock Sole/Yellowfin Sole Investments:

7. Investigate vessels or vessel owning companies in the Flathead/Rock Sole/Yellowfin sole sector, including conducting due diligence and researching issues surrounding target species when necessary.

In the 2nd Quarter of 2003, Coastal Villages Groundfish LLC (CVG) conducted preliminary investigation of a vessel owning company in the flathead, rock and yellowfin sole sector.

8. Coastal Villages Groundfish, LLC will work together with new investment partners to provide an analysis prior to the fishing season outlining the maximum capacity of the vessel to harvest target species. If necessary, additional arrangements will be made to lease the harvesting rights to other buyers.

CVG had no new investment partners in the 2nd Quarter of 2003, so no capacity analysis or additional arrangements were necessary.

9. Monitor new investments in the Flathead/Rock Sole/Yellowfin sole sector, which includes reviewing quarterly and annual financial information.

CVG had no new investments in the Flathead/Rock Sole/Yellowfin sole sector in the 2nd Quarter of 2003, so quota harvest monitoring and performance monitoring were not necessary.

Inshore Harvesting, Processing, Investment and Infrastructure Program:

Fuel Delivery:

10. Facilitate early spring fuel deliveries and/or reserves to insure that local fishermen will have necessary fuel for fishing for the season.

CVRF canvassed all membership villages in February 2003 to help identify needs for bringing in additional gasoline for spring commercial fishing. Preliminary inquiries were made to arrange for additional deliveries where shortages were expected to occur. No immediate emergency fuel needs were identified at the time. However, during the 2nd Quarter, CVRF loaned \$67,000 to Nunakuiak Yupik Corporation (Toksook Bay) and \$62,000 to Kugkaktlik Limited (Kipnuk) for the purpose of purchasing bulk fuel for the fuel tanks.

11. Investigate retail fuel opportunities in the region as a means to provide affordable fuel to fishermen.

In the 2nd Quarter of 2003, CVRF continued to investigate retail fuel opportunities in the region as a means to provide affordable fuel to fishermen.

New Halibut Plant:

12. If adequate halibut quota is available, expand halibut buying operations in one additional community.

During the 1st Quarter of 2003, CVS signed a contract with the Paug Vik Corporation to build additional halibut plants in Mekoryuk and Toksook Bay to expand their existing operations. The new plants in Hooper Bay and Kipnuk were opened and operational for the first time. (Note: Kipnuk had one small delivery in 2002.)

13. Operate using a local work force. Hire outside workers only to teach certain skills to local workers.

All plant managers for the halibut plants are local residents. All recruiting effort for employees will be focused in region.

14. After plant is built, have plant operational and ready to buy halibut by June 1. Plants will begin buying halibut when fishermen begin fishing.

The halibut plants being constructed in Mekoryuk and Toksook Bay are anticipated to be operational by August 2003.

Commercial Fisheries Support Businesses:

15. Assist in starting one or more businesses that support the Inshore Program, through loans and other technical services - potential businesses include, gear suppliers, construction contractors, and repair services.

CVRF has begun negotiations with Leland Johnson & Associates, an engineering firm, to begin the preliminary design for a fishery support center that could be constructed in any of our twenty communities. CVRF also hired an additional business development specialist to oversee this new project. The fishery support center is envisioned to consist of an area for boat and net repair, office space, bunk space, and storage space for fishery operations in the community. The initial design work has been completed and currently the first locations are being negotiated with the communities. The first site identified for construction is Scammon Bay.

Project Management:

16. At the request of the communities, CVRF will assist in receiving funding for community projects, by providing technical support in grant preparation or referring them to a qualified grant writer.

Nunakauyak Traditional Council requested a \$7,500 grant as matching funds for procurement of a firefighting vehicle. The Calista Elders Council requested \$149,304 to fund two positions within their organization. CVRF did not provide any funding of these requests, but did offer a letter of support to the Calista Elder's Council towards other sources of funding and other indirect technical assistance.

The City of Mekoryuk requested funding to meet local match of \$339,301 towards a \$758,602 feasibility study titled Mekoryuk Navigation Improvements Study.

17. Assist communities with planning of community projects and implementation of procedures to operate projects effectively and efficiently.

CVRF received no requests for planning or implementation of community projects this quarter. However, the Mekoryuk IRA Council requested technical assistance for Quickbooks.

New Operations for Other Species in the Region:

18. Investigate other species in the region to determine the feasibility of providing operations to buy these species from local fishermen – potential species are Tom Cod and Saffron.

CVRF business development specialist visited Hooper Bay, Kipnuk, Chevak, Quinhagak, Goodnews Bay, Platinum, Eek, & Kwigillingok during the 2nd Quarter. During the visits, various species of fish including tomcod, sticklebacks (needlefish), burbot (lush), & whitefish were examined and sampled. More sampling will be required before a more in depth review of the market opportunity is possible.

19. If feasible to harvest and market, provide buying stations and processing facility for the fishermen.

No action taken for this item in the 2nd Quarter of 2003. See milestone #18.

20. If feasible to harvest and market, hire local residents to operate facility through Coastal Villages Seafoods with the intent to turn over to the community.

No action taken for this item in the 2nd Quarter of 2003. See milestone #18.

Marine Safety Program:

21. Implement a marine safety program for local fisherman that will provide training and awareness skills regarding prevention of marine accidents and safeguards.

In the 2nd Quarter of 2003, CVRF finalized basic concepts for our marine safety programs, and ordered navigational equipment for Chefnak, Kipnuk, Hooper Bay, Mekoryuk, Quinhagak, Toksook Bay, Tununak and Tuntutuliak.

22. Develop a safety packet or brochure to distribute to the residents of our communities that illustrates safety procedures.

CVRF gathered information from existing safety programs, and is currently taking steps to modify information to fit the needs of fishermen in our member communities.

23. Assist fishermen in purchasing proper safety equipment through the loan program and paid through our fishermen advances.

CVRF continued to gather information on appropriate safety equipment for local fishermen to purchase at cost, and obtained price quotes.

24. Provide CVRF communities the necessary navigational and/or preventive provisions to aid in marine safety, rescue, or prevention.

In the 2nd Quarter of 2003, CVRF completed a survey of our member communities for desired navigational and safety equipment. A plan is currently being readied for implementation.

Insurance Cooperative for the Fishermen:

25. Investigate the potential of organizing a marine insurance fleet program for regional fishermen to reduce their insurance costs.

No activity in the 2nd Quarter.

Active Projects and Programs:

Offshore Harvesting, Processing, and Investment Program

Crab Vessel Investments (50% owner of Silver Spray):

26. Silver Spray and Coastal Villages Crab, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of the Silver Spray to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

In the 2nd Quarter, CVC worked with its crab investment partner Silver Spray Fisheries, LLC (Silver Spray) to provide an analysis of the company's capacity to harvest 2003 Bristol Bay Red king crab. No additional arrangements to lease harvesting rights to other buyers were necessary.

27. Continue to monitor the investment in Silver Spray, to include monitoring quota and financial information.

In the 2nd Quarter, CVC continued to monitor the results of operations of Silver Spray. The open access Opilio tanner crab harvest was completed during the 1st quarter.

Groundfish Vessel Investments:

Sablefish Vessel Investments (45% owner of Kokopelli Fisheries):

28. Kokopelli Fisheries and Coastal Villages Longline, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of the Ocean Harvester to harvest target species. If necessary, additional arrangements will be made to sell the harvesting rights to other buyers.

In the 1st Quarter, CVL worked with its sablefish (black cod) and halibut harvesting and investment partner Kokopelli Fisheries LLC (Kokopelli) to provide an analysis of the company's capacity to harvest 2003 sablefish and halibut. In the 2nd Quarter, CVRF transferred 60,000 mt of Aleutian Islands sablefish (black cod) to YDFDA for harvest by their contracted vessel.

29. Continue to monitor the investment in Kokopelli, to include monitoring quota and financial information.

In the 2nd Quarter, CVRF monitored the 2003 CDQ Sablefish harvest, and results of operations of Kokopelli.

Pacific Cod Vessel Investments (20% owner of Ocean Prowler, 20% of Prowler and through American Seafoods, 31.16% owners of Pacific Longline Company):

30. Ocean Prowler, Prowler and Coastal Villages Longline, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of the Ocean Prowler to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

No activity in the 2nd Quarter.

31. Continue to monitor the investment in Ocean Prowler and Prowler, including monitoring quota and financial information.

In the 2nd Quarter, CVL was unable to monitor its investments in Ocean Prowler and Prowler. There was no CDQ harvested in the 2nd Quarter of 2003.

32. Pacific Longline Company and Coastal Villages Pollock, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of PLC fleet to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

No activity in the 2nd Quarter.

33. Continue to monitor the investment in Pacific Longline Company, to include monitoring quota and financial information.

In the 2nd Quarter, CVP continued to monitor the 2003 open access and CDQ Pacific cod harvest, and results of operations of PLC.

34. Explore the possibility of expanding our equity interest in Ocean Prowler and Pacific Longline Company.

No activity in the 2nd Quarter.

Pollock Vessel Investments (38.95% owner of American Seafoods):

35. American Seafoods and Coastal Villages Pollock, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of the American Seafoods vessels to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

No activity in the 2nd Quarter.

36. Coastal Villages Pollock, LLC will continue to participate on the American Seafoods board of directors in an effort to monitor the investment, retain a voice in the operation of the company, and assist in furthering the purposes of the company.

CVP has had active participation on the American Seafoods board since the completion of the investment. During 2003, the Executive Director and the Director of Finance has participated in every American Seafoods board meeting.

37. Explore the possibility of expanding our equity interest in American Seafoods.

No activity in the 2nd Quarter.

Flathead/Rock Sole/Yellowfin Sole Investments (20.09% owner of the Cape Horn Fisheries):

38. Cape Horn Fisheries and Coastal Villages Goundfish, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of the Cape Horn to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

No activity in the 2nd Quarter.

39. Continue to monitor the investment in Cape Horn, including monitoring quota and financial information.

In the 2nd Quarter, CVG continued to monitor Cape Horn financial information. There was no quota harvested in the 1st Quarter of 2003.

Inshore Harvesting, Processing, Investment and Infrastructure Program:

Kuskokwim Bay Salmon Operation:



40. CVS will continue to develop its quality products relevant to the market and develop a regional marketing program tied to quality standards.

Applied for the Alaska State Salmon Marketing grant during the 1st Quarter of 2003. This grant is specifically designed to promote regional branding and promotion of salmon products. The grant is administered through the State of Alaska's Department of Community and Economic Development. Coastal Villages Seafood applied for \$129,000 worth of funding for 2003. During the 2nd Quarter CVRF was notified that the grant had been awarded for \$120,000.

41. Purchase all District W-4 and W-5 salmon each year.

In 2002, Coastal Villages Seafood purchased all of the salmon in these two districts. It is likely that CVS will be the only purchasers in these two districts in 2003 as well.

42. Assist fishermen by providing advances for gear and fuel purchases, and paying fishers in a timely manner upon delivery.

Gear advances of up to \$500 was made available to all eligible halibut and salmon fisherman who were residents of our 20 communities.

43. Conduct successful employment and training program, including filling all available positions with local hire, with outside workers hired only to acquire and teach a certain skill level.

All recruiting effort for employees will be focused in region. As of June 30th, CVS has employed 160 individuals for its halibut and salmon operations. All but six of the crew were recruited from the CVRF and surrounding region.

During the 2nd Quarter, CVS conducted a HACCP Training Course in Hooper Bay with 9 students completing the training. In addition to being a requirement for operating a seafood plant, the course provides crewmembers with an understanding of the aspects that can cause sanitation and health problems and what steps to take to eliminate those problems. All of the students were from rural communities in our area and hired by CVS plants.

44. Investigate transportation savings and/or opportunities in the region to support the shoreside processing projects by reducing costs.

Transportation and logistics issues are perhaps the number one problem in this business from our locations. Therefore it is monitored on a continual basis. In 2003 a state of the art production freezer was installed at the salmon plant in Quinhagak. This eliminated hundreds of thousands of dollars of excess airfreight. The decrease in airfreight is being weighed against the increase in electricity costs.

Halibut Operation:

45. CVS will continue to operate the six community halibut plants and purchase halibut at the plant in Quinhagak.

Preparation and pre-season equipment purchases are being made for all 6 halibut plants plus the Quinhagak salmon plant in anticipation of purchasing halibut at all of the locations.

46. Conduct successful employment and training program, including filling all available positions with local hire, with outside workers hired only to acquire and teach a certain skill level.

All plant managers for the halibut plants are local residents. All recruiting effort for employees will be focused in region. As of June 30th, CVS has employed 160 individuals for its halibut and salmon operations. All but six of the crew were recruited from the CVRF and surrounding region.

During the 2nd Quarter, CVS conducted a HACCP Training Course in Hooper Bay with 9 students completing the training. In addition to being a requirement for operating a seafood plant, the course provides crewmembers with an understanding of the aspects that can cause sanitation and health problems and what steps to take to eliminate those problems. All the students were from rural communities in our area, and hired by CVS plants.

47. Have each plant operational and ready to buy halibut by June 1. Plants will begin buying halibut when fishermen begin fishing.

The Toksook Bay, Mekoryuk, Hooper Bay, Kipnuk and Chefornak plants were operational prior to the fishing season. Due to some complications in the lease agreement, the halibut plant in Tununak open up slightly behind schedule.

48. Process all 4E halibut in local plants each year.

During the 2nd Quarter, CVS fisherman harvested approximately 86,000 pounds of halibut.

Herring Operation:

49. CVS will analyze the success and hindrances with the price-incentive herring program started in 2002 and determine whether to continue, modify, or terminate the program, in conjunction with the herring fishermen.

CVS participated in the following districts in 2003: Goodnews Bay, Nelson Island, Nunivak Island, Cape Avinof and Cape Romanzof. CVS was the only buyer in these five regions.

50. Assist fishermen in achieving a higher roe recovery rate, through training and education, if such a project is determined to be feasible.

CVS has a gear advance program for herring fishermen that require purchase of a minimum mesh size to promote the catch of larger more mature herring. To incent the fisherman into targeting higher roe percentages, CVS paid bonuses based on roe percentages: i.e. the fisherman received \$50 per ton in bonuses if their herring roe recovery was 10%. For 12% herring the fisherman received \$160 per ton from CVS.

51. Conduct herring committee meetings in order to get the public opinion of the fishery.

The CVS board dissolved the herring committee during the 1st Quarter of 2003. The CVS board was expended from 3 to 5 in order to retain the members of the herring committee. The CVS board met several times during the 1st Quarter of 2003. In order to gauge the public opinion, CVS COO plans to

visit a community in each of the five herring districts before the season begins. All five districts were visited by the COO of CVS.

Sportfish Guiding Service (33.3% owner of the Arolik River Sportfishing):

52. CVRF will continue to participate in the sport fish guiding industry within the region as an investor and will consider expansion into additional areas within its region.

CVRF continues to participate in the sport fish guiding industry as a partner in Arolik River Sportfishing, LLC. CVRF also continues to watch for new investment opportunities in the industry.

53. For any expansion or additional investments, CVRF will complete its due diligence process, and decide whether or not to proceed.

At the June 2003 board meeting, the board directed the staff to gauge the communities' interests and support in expanding activities in the sportfishing sector. Preliminary discussions were held in Quinhagak with representatives from Kanektok River Safari, Inc. (our partner in Arolik River Sportfishing), and CVRF staff plans to start discussions with other villages to explore interest in the sector. CVRF will continue to gauge community interest in sportfishing businesses and will conduct any due diligence as necessary.

54. Continue to monitor the investment in Arolik River Sportfishing, LLC.

Despite the lingering effects of September 11, the management of Arolik was able to book the summer almost to full capacity. There were only a few holes in bookings as of July 25, 2003, and the remainder of the season (scheduled to end August 29) is fully booked. Fishing has been outstanding so far this year, and due to low water levels there have been few to no "outside" charter companies using the river. As partners, CVA will continue to monitor the investment and will continue to plan for the 2004 season.

4-SITE Program

4-SITE Project and Support Services

55. Award scholarships for region residents for academic or vocational training.

During the 2nd Quarter, CVRF received 74 applications for the Louis Bunyan Memorial Scholarship (LBMS) for the Fall 2003 Semester. The LBMS committee will review the applications in July.

The next deadline is October 31st for the Spring 2004 semester.

56. Maintain a scholarship committee that reviews all applications for scholarships.

CVRF scholarship committee has been established to oversee the administration of the Louis Bunyan Memorial Scholarship and review all of the scholarship applications. The next committee meeting is scheduled in July.

57. Make available internships and apprenticeships within CVRF, its subsidiary companies, and its affiliated partner companies to prepare region residents for management positions in the companies and fishing industry.

During the 2nd Quarter, CVRF advertised for an intern with CVRF in all of its 20-member communities through flyers, Liaisons, and the local newspapers. Several applications were reviewed and interviews were held in June. In April, a resident of Mekoryuk completed his 3-month internship with CVRF.

58. Continue to require interns to design and complete, as a requirement of their internship, village-based improvement projects that support or compliment a goal identified in CVRF's Community Development Plan, or an administrative plan used by CVRF or it's partners.

Administrative Program Assistant Intern, Edward Kiokun, completed his CDP project. His project was to create a check list information sheet for each applicant file for ease to enter information into the CVRF 4-SITE database.

59. Conduct training programs for region residents to build skills required in the companies in the fishing industry.

CVRF conducted a skills for success orientation for 4 individuals in May for new processors going to work off-shore for the first time with American Seafoods. In April, CVRF also provided a HAACP training to 9 local residents in preparation for the 2003 salmon and halibut season.

60. Continue to staff the CVRF's 4-SITE program to conduct training and job placement.

The 4-SITE program support staff includes the Employment Coordinator, Rural Recruiter, Community Program Managers, and Community Liaisons. CVRF staff conducts and supports the mission of the 4-SITE program and related services to each of our 20 member communities. CVRF currently has 12 Community Liaisons in the region, 5 new Liaisons were hired in the 2nd Quarter.

61. Conduct a recruitment and employment program for village residents in a variety of job and career opportunities in fisheries and related service industries. Fisheries and related service industries include: crab processing, bottom trawling, pacific cod, sablefish/halibut, pollock, halibut processing, salmon processing, value-added, and non-CDQ processing.

The Rural Recruiter, Community Liaisons, Community Program Managers and the Employment Coordinator recruited in member communities and other region villages to recruit for processors/crewmembers in CVRF fishing industry partners. 4-SITE presentations were conducted to high school students for careers in the fishing industry during the recruitment trips.

62. Initiate and maintain Skills for Success Program with member villages to assist region residents in understanding the requirements of the work place, becoming eligible to enter into employment, and developing the skills to be successful.

The Orientation for Success was presented to 4 first time crewmembers that were offered a position with American Seafoods for the B Season. The Employment Coordinator and a Community Program Manager facilitated the orientation that covered requirements of the work place, and developing the skills to be successful in the off-shore fishing industry.

During the 2nd Quarter, CVRF held a Community Liaison training in Bethel for the 5 new Community Liaisons. The three Community Program Managers, the Employment Coordinator, and the Rural Recruiter facilitated the orientation.

63. Sponsor Junior Achievement of Alaska in member villages and facilitate the expansion of the program throughout the region.

In the 2nd Quarter of 2003, CVRF continues to sponsor JA in Scammon Bay, Chevak, Hooper Bay, Mekoryuk and Toksook Bay.

64. Continue to initiate and maintain Coastal Villages Youth Leadership Program (CVYLP) in member villages.

In the 2nd Quarter of 2003, CVRF continued to maintain its Youth Leadership program in Hooper Bay, Mekoryuk, Toksook Bay, Chevak, Chefornak, Eek, Kongiganak, Napakiak, Napaskiak, Newtok, Oscarville, Quinhagak, Scammon Bay, Tununak and Tuntutuliak.

65. Continue to initiate and maintain Rural Education Adult Development (READ) program for member village residents.

In the 2nd Quarter of 2003, CVRF continued to initiate and maintain its READ program for all 20 member communities. As of June 30, 2003, we have 98 people registered for tests of adult basic education (TABE) skills, with seven completing testing. In the 2nd Quarter, one resident earned his general educational development (GED) diploma, and one additional resident completed GED testing.

66. Outgoing first time crewmembers will participate in the Coastal Villages' "Orientation for Success.

The Orientation for Success was presented to 4 first time crewmembers that were offered a position with American Seafoods for the B Season. The Employment Coordinator and a Community Program Manager facilitated the orientation that covered requirements of the work place, and developing the skills to be successful in the off-shore fishing industry.

Fisheries Support & Development Project:

Loan Program:

67. Maintain the CVRF loan program serving the needs of individual commercial fishermen and fisheries-related businesses in region.

In March of 2003, the loan committee approved a round of loans for twelve individuals totaling \$167,736. The loan training class was held on April 25, 2003, and was taught by the Bethel Wells Fargo representative, and CVRF staff Lynn Wallona and Jenny Koenig. The majority of funds have been disbursed.

The deadline for applications for the next round of loans is scheduled for October 15, 2003.

68. Continue to provide the opportunity to assist fishermen in the purchase of additional halibut and sablefish Quota Shares.

CVRF did not receive any requests to purchase halibut or sablefish quota.

69. Continue to conduct an outreach initiative to promote the loan program in the region.

The loan program continues to be promoted in the company newsletter, the annual report, the website, the Delta Discovery, and the Tundra Drums as well as being broadcasted on KYUK and KCUK radio stations.

70. Continue loan committee meetings to discuss loan program, review applications, and address areas needing modification. .

The loan committee met on May 5, 2003 to discuss policies and procedures. Minor revisions were made to the applications in the 2nd Quarter to improve the application and review process.

Tax and Permit Assistance Program:

71. Continue to Support VITA program in CVRF member villages during the tax-filing season.

CVRF continued to support the volunteer income tax assistance (VITA) program administered by the Alaska Business Development Center in the 2nd Quarter. As of June 30, 2003, this program had contributed to the filing of 1,242 federal tax returns, which should result in net refunds of \$1,292,556 to CVRF region residents. During the 2nd Quarter, tax preparers visited 2 communities, and assisted 70 residents. 14 of 20 CVRF communities received assistance in 2003 from VITA and other CVRF supported contractors.

72. Assist taxpayers who are in danger of losing their permits.

In the 2nd Quarter of 2003, CVRF received no requests for assistance with IRS liens from area residents.

73. Help or refer local residents who are requesting tax assistance.

In the 2nd Quarter of 2003, CVRF received no requests for tax assistance.

74. Obtain permits for fishermen from the CVRF region.

Notices were sent to each community informing them of the need for permits. Furthermore, changes in subsistence permits for halibut were also relayed to each community.

Outreach Plan

Outreach Project:

75. Provide information to the member communities, through various formats, on opportunities available through the CDQ program, on activities undertaken by CVRF and its subsidiaries, and on the region's fishing industry.

The CVRF annual report was disbursed in June to every box holder of member communities. Newspaper ads on CVRF's 4-SITE programs and loan program were placed with both the Tundra Drums and Delta Discovery. Fliers were posted in the communities regarding 4-SITE opportunities and the loan program. 4-SITE staff and support service staff traveled to member communities for outreach on CVRF programs and opportunities.

76. Continue to provide CVRF newsletters and annual reports to the region.

The 2002 Annual Report was distributed to every box holder in all twenty communities as well as to CVRF company contacts in June 2003.

77. Continue to support potlatches in the region.

CVRF continues to support community gatherings and potlucks. CVRF contributed \$3,793.84 to this effort in 8 communities in the 2nd Quarter.

78. Maintain and update website of all CVRF affiliated organizations.

The CVRF website was designed in 2001 and can be found at www.coastalvillages.org. CVRF continues to monitor the website and update it when necessary.

79. Assist communities in planning for projects that can be supported by the CDQ program (i.e., fisheries-related) or that require support from outside funding sources.

In the 2nd Quarter of 2003, CVRF continued the process of initial planning for a comprehensive, fisheries-related construction plan for 2003-2005, including unified community support and land/site selection.

80. Participate in the CDQ Human Resources Group to improve employment programs in CVRF-related programs and in the fishing industry.

The last CDQ Human Resources Group met during the 10 year CDQ anniversary celebration in Anchorage, which CVRF sent the Employment Coordinator and a support staff member to attend.

81. Participate in the development of the inter-organizational committee for regional training initiatives.

CVRF continues to participate on an inter-organizational committee, the Yuut Elitnaurviat (Peoples Learning Center) committee. The committee members include: CVRF, Yukon-Kuskokwim Health Corporation, Lower Kuskokwim School District, UAF Kuskokwim Campus, the Alaska National Guard, the Association of Village Council Presidents (AVCP), AVCP Regional Housing Authority, and the City of Bethel. The regional learning center will provide learning services to both youth and adults needing additional skills to enter high skilled, high wage jobs, and to further baccalaureate or graduate programs.

82. Support and operate programs that will assist region residents to become successful role models and leaders in their communities.

CVRF provides human resource development opportunities to member residents through the 4-SITE and Support Service programs (Junior Achievement, Youth Leadership, Adult Education). CVRF now has 13 local Community Liaisons along with 3 Community Program Managers at CVRF member communities to facilitate delivery of these programs.

CVRF Development Project

CVRF Development Project:

83. Conduct on-going analysis of capabilities and performance of staff, board and resources in the region.

The staff receives annual evaluations to help management analyze their capabilities and performance. CVRF employs a Rural Recruiter, Employment Coordinator, Community Program Managers, and Community Liaisons who recruit in the region for 4-SITE opportunities with CVRF, its subsidiaries, and industry partners.

84. CVRF will maintain "Standards of Leadership" for Board of Directors by annual review of Board standards policies and administration of Oath of Office.

All Board members are held accountable to the Standards of Leadership. Any behavior by a Board member acting in conflict with those standards is addressed through the Board's formal disciplinary process. All new Board members receive copies of the Standards of Leadership and other Board policies pertaining to their service on the CVRF Board. The Board handbook is updated annually prior to the annual Board meeting.

85. Continue to implement the 360-degree performance feedback system for senior management.

A 360-degree performance evaluation was selected in 2001. Since then, the 360-degree performance evaluation occurred each November for the Executive Director, with senior management participating. In 2002, the Board of Directors approved a new performance evaluation format for the Executive

Director's annual evaluation to reflect issues pertaining to the CDQ program, CVRF, and the Executive Director's performance.

86. CVRF will maintain its Continuous Improvement (CI) Model for Board and Management, including the holding of an annual Board retreat.

All Board of Directors attended a Board Retreat and Training session on May 1-3, 2003. Training included a review on conflict of interest and a team building session. Special speakers included Mike Hyde of American Seafoods and Edgar Blatchford of the State of Alaska.

General and Administration:

Administration:

87. Adopt an annual budget and submit to the State by December 15.

CVRF prepared the 2003 budget and the board approved it in November of 2002. The budget was submitted to the State by the December 15 deadline.

88. Monitor the budget to actual comparisons and make revisions as necessary to allow for unexpected items or changes in the expectations for the year. This monitoring process should include monitoring both by staff on a frequent basis and monitoring by the board of directors by presenting the budget to actual reports to the board at board meetings.

CVRF has submitted monthly budget-to-actual reports to the board Treasurer, in addition to providing quarterly budget-to-actual reports to the full board. Staff review budget to actual reports on a monthly or as-needed basis. Revisions will be made to the 2003 budget as they are deemed necessary.

89. As a compliment to CVRF's sophisticated budgeting process, CVRF will develop monthly cash flow projections.

At the same time that CVRF's budgets are prepared, cash flow estimates are also prepared. The cash flow estimates are adjusted as revisions to the budgets are made.

90. Prepare monthly consolidated financial statements for review by CVRF management and the CVRF board treasurer.

Monthly financial statements have been sent to the board treasurer and given to the finance director for review. Quarterly financial statements are also presented to the full board at the meetings.

91. Continue to develop and maintain the written CVRF accounting procedures.

Accounting procedures were written for all major accounting functions in 2001. CVRF continues to improve upon the procedures and update the memos for changes made.

92. Submit quarterly and annual reports, financial audits, and meet other regulatory deadlines.

The 1st Quarter report was, and the 2nd Quarter report is being, submitted on time. The 2002 annual audit and agreed upon procedures audit were started in March 2003 and are completed. Coastal Villages has met all regulatory deadlines.

93. Conduct a minimum of four full board meetings a year and other executive board or subsidiary board meetings as needed.

The CVRF Full Board met in April, May, and June 2003 and a separate CVS Board meeting was held on June 6, 2003. The CVRF Full Board expects to meet in August and November.

94. Prior to all full board meetings, provide board packets to all board members.

Each Board of Director receives a board packet in the mail prior to a full board meeting for review so that they are prepared for the board meeting.

95. Prepare all election process materials according to the corporate bylaws and Alaska Statutes, for distribution to each community's governing body that have a seat up for re-election by August 1st of each year.

No activity in the 2nd Quarter.

96. Follow the State CDQ requirements that state that an elected representative from the community is a domiciled resident of that community and all board members are from the region.

All 21 Board Members are domiciled in the CVRF communities.

97. Monitor the quarterly board members communication to their governing body to ensure communities are being informed of activities and accomplishments of CVRF and subsidiaries.

A summary of the 2nd Quarter Board meeting was provided to each board member for reporting to communities.

98. Continue to monitor and analyze the operations of the company in terms of staffing, and add new positions when necessary in order to continue to improve the efficiency and effectiveness of operations.

Coastal Villages maintains staffing levels as necessary to carry out efficient business results and only expands when needed. In the 2nd Quarter 2003, CVRF recruited and hired a Senior Accountant and three Community Liaisons, and also promoted a temporary Account Clerk to a full time permanent position. Coastal Villages is currently recruiting for a Community Development Specialist.

99. Complete annual performance evaluations of CVRF staff.

CVRF maintains records of evaluation due dates at the corporate headquarters. The supervisors are notified when staff evaluations are due. Evaluations are completed annually for all staff and kept in their personnel files.

Cash Management and Investments:

100. All investments are to be made in compliance with CVRF investment policy.

Coastal Villages has not opened any new investment accounts in 2003, but is in the process of making at least one new investment in a fishing company. CVRF is in compliance with its investment policy (investment policy can be found in the 2003-2005 CDP).

101. All investible cash and cash equivalents will be invested with the intent to earn a reasonable rate of return in relation to the current market conditions for short and long term holdings.

Liquid cash not needed for operations is held partly in money markets and partly in corporate and government bonds. The money market rate currently is less than one percent. The return on the long-term investments in corporate and government bonds was approximately 2.11 percent as of June 30, 2003.

102.CVRF will complete its due diligence for all investments made in companies or in vessels.

During the 2nd Quarter, CVRF closed on one transaction, is currently in the process of finalizing another transaction, and is negotiating on another transaction. CVRF has completed all or virtually all of its due diligence for all three transactions. All due diligence will be completed before closing any transaction

103.CVRF will review and analyze monthly cash flow projections and budget to actual reports to manage its cash flow and to determine the cash needs for investing.

Cash flow needs are analyzed on an on-going basis. CVRF prepares monthly cash flow projections, which are based on the approved budget, and compares them to actual results for the month. CVRF also prepares quarterly budget to actual reports and analyzes any material discrepancies. CVRF has revised the cash flow projections to compensate for actual results and changes in the 2003 budget. See also discussions on the budget and cash flow projections in numbers 87 – 89 above.

CDQ Contract Management:

104.CVRF will ensure that each royalty contract with harvesting partners is in full force and effect and regulatory requirements are met.

In the 2nd Quarter, all CVRF royalty contracts were in full force and effect, and regulatory requirements were met.

105.Obtain approvals for amendments to the royalty contracts as necessary and appropriate.

In the 2nd Quarter, no amendments to CVRF royalty contracts were necessary.

106.Monitor performance of harvesting partners and inform them of compliance issues.

In the 2nd Quarter, all CVRF royalty contracts were in full force and effect, and regulatory requirements were met.

CDQ Quota Management

107.CVRF will allocate its allocations among its harvest partners and monitor the harvest of all allocations.

In the 2nd Quarter, CDQ allocations were budgeted and monitored as necessary.

108.Prepare CDQ harvest activity and status reports.

In the 2nd Quarter, CVRF prepared CDQ harvest activity and status reports as necessary

109.Ensure that CVRF is in compliance with Federal, State, local regulatory and legal requirements.

All CVRF royalty contracts contain language requiring harvest partners to be in compliance with federal, state and local regulatory and other legal requirements. No instances of non-compliance were noted in the 2nd Quarter.

B. Outreach

Outreach activities in the 2nd Quarter of 2003:

- The 2003 annual report was distributed in the 2nd Quarter to all community residents and other business and industry associates.
- Sponsorship of the news continued on KYUK and KSKD radio stations. Changes were made to the broadcast to promote seasonal employment.
- The CVRF revolving loan program accepted applications for consideration for the October 15, 2003 deadline.
- Planning began in the 2nd Quarter for the upcoming newsletter with a distribution expected in 3rd Quarter.
- The CVRF Rural Recruiter, Employment Coordinator and Community Liaison recruited in CVRF member and surrounding communities for the 2003 CVS salmon and halibuts season.
- Community Program Managers, Employment Coordinator, and Community Liaisons traveled and gave 4-site presentations at local schools.
- Community Liaisons in Newtok, Chevak, Hooper Bay, Eek Napakiak and Quinhagak conducted home visits in their community for outreach.
- Community Program Managers and Community Liaisons participated in a Cultural Heritage Workshop in Chevak.
- Seasoned Community Liaisons traveled to communities to orient new CL's on programs and the administration of drug-testing procedures for industry partners.
- CVRF and Lonewolfe productions produced a 4-SITE CD Rom. The 4-SITE CD-Rom is in the final stages of review and should be available for distribution to the public in the 3rd Quarter.
- Newspaper ads were put in the Delta Discovery and Tundra Drums for the Louis Bunyan Memorial Scholarship and Loan Program deadlines, internship position and recruitment for the CVS Salmon Season.
- The Loan Program and the Louis Bunyan Memorial Scholarship sponsored the Native News on KYUK and KSKD radio stations. In May, changes were made to broadcast to summer season employment opportunities.
- Business Development Specialists traveled to various CVRF member communities to meet with fisherman, traditional and city council members, and the general public to discuss the Fisheries Support Center Project, building design and community planning.
- Greg Slats, Community Program Manager, made a presentation to the Tuntutuliak Traditional Council to discuss the Marine Safety Program.
- Neil Rodriguez met with the CVS Superintendent, the mayor, Traditional and City Council members to discuss their tractor proposal, the halibut plant construction, and the availability of land in Toksook Bay.
- Mona David, Tim Jacobs and American Seafoods attended a YK career fair in Bethel.
- Mona David met with current and prospective students at Kuskokwim Campus in Bethel.
- Mona David and Valerie Maxie completed exit interviews for American Seafoods A season crewmembers in Seattle, WA.
- CVRF staff facilitated a fishermen meeting in CVRF communities before the herring, salmon and halibut season openings.
- The new CVS Safety Video was viewed by all CVS salmon and halibut processors.

C. Employment

1. Data Form

	<u>1st Quarter</u>		<u>2nd Quarter</u>		<u>3rd Quarter</u>		<u>4th Quarter</u>		<u>Year-to-date</u>	
	<u>People</u>	<u>Wages</u>	<u>People</u>	<u>Wages</u>	<u>People</u>	<u>Wages</u>	<u>People</u>	<u>Wages</u>	<u>People</u>	<u>Wages</u>
CVRF:										
Program, General & Administrative	32	\$ 296,787	39	\$ 397,249	-	\$ -	-	\$ -	40	694,036
CVS:										
Onshore (Fishermen-Halibut)	-	-	128	107,375	-	-	-	-	128	107,375
Onshore (Fishermen-Salmon)	-	-	102	79,014	-	-	-	-	102	79,014
Onshore (Fishermen-Herring) ¹	-	-	88	246,842	-	-	-	-	88	246,842
Salmon & Halibut (CVS Mgmt.)	3	20,347	20	86,005	-	-	-	-	20	106,352
Processors & Misc. Jobs (CVS)	2	3,323	140	138,216	-	-	-	-	140	141,539
CDQ Pollock Related:										
American	26	63,570	30	280,975	-	-	-	-	30	344,545
Westward (non CDQ)	14	56,247	3	3,299	-	-	-	-	14	59,546
Highland Light	-	-	-	-	-	-	-	-	-	-
Icicle	-	-	-	-	-	-	-	-	-	-
Other Fishing:										
Sablefish/Halibut (Ocean Harvester)	1	-	2	8,980	-	-	-	-	2	8,980
Hake (American)	-	-	-	-	-	-	-	-	-	-
Crab, Cod, Sea Urchin & Other (Icicle)	1	3,064	3	5,170	-	-	-	-	3	8,234
Crab, Cod & Sea Urchin (Silver Spray)	-	-	-	-	-	-	-	-	-	-
Crab, Cod & Sea Urchin (Prowler Fisheries)	1	-	-	-	-	-	-	-	-	-
Other Employment:										
CVRF (contract)	-	-	-	-	-	-	-	-	-	-
Plant Operations (Westward)	-	-	-	-	-	-	-	-	-	-
Internships:										
CVRF	1	796	1	1,610	-	-	-	-	1	2,406
CVS	-	-	-	-	-	-	-	-	-	-
Westward	-	-	-	-	-	-	-	-	-	-
Icicle	-	-	-	-	-	-	-	-	-	-
American	-	-	-	-	-	-	-	-	-	-
TOTAL	<u>81</u>	<u>\$ 444,134</u>	<u>556</u>	<u>\$ 1,354,735</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>568</u>	<u>\$ 1,798,869</u>

1 Herring and herring roe payments include cash payments from the herring processors. There would have been no herring processors operating in the CVRF region without Coastal's participation in the program.

C. Employment, continued

2. Summary

CVS RELATED

Salmon and Halibut (CVS Management) – Earnings are reported as paid to 20 management positions.

Processors & Misc. Jobs (CVS) – Earnings are reported as paid to 140 employees.

CDO POLLOCK RELATED

American Seafoods Company – Earnings are reported as paid to 30 CVRF residents.

Westward Seafoods, Inc – Earnings are reported as paid to 3 CVRF residents.

OTHER FISHING

Offshore (OH) – Earnings are reported as paid to 2 CVRF members from Hooper Bay.

Crab, Cod & Sea Urchin (Icicle) –Earnings are reported as paid to 3 CVRF members.

INTERNSHIPS

CVRF – Earnings are reported as paid to one Administrative Assistant Intern.



D. Training

1. Data form	<u>1st Quarter</u>		<u>2nd Quarter</u>		<u>3rd Quarter</u>		<u>4th Quarter</u>		<u>Year-to-date</u>	
	<u>People</u>	<u>Expenditures</u>	<u>People</u>	<u>Expenditures</u>	<u>People</u>	<u>Expenditures</u>	<u>People</u>	<u>Expenditures</u>	<u>People</u>	<u>Expenditures</u>
Scholarships										
Postsecondary	34	\$ 47,947	1	\$ 1,084	-	\$ -	-	\$ -	35	\$ 49,031
Vocational	5	7,500	1	1,500	-	-	-	-	6	9,000
GED	-	-	2	226					2	226
		-								
Voc-Tech Classes										
Basic	-	-	-	-	-	-	-	-	-	-
Advanced	-	-	-	-	-	-	-	-	-	-
Other Training										
Fisheries related	41	64,458	25	10,682	-	-	-	-	65	75,140
Student Loans	-	-	-	-	-	-	-	-	-	-
CDQ Staff/Board/Interns	17	15,093	14	7,248	-	-	-	-	25	22,340
Other		-	-	-	-	-	-	-	-	-
						-				
Other Expenditures										
To Educational Institutions	N/A	-	N/A	-	N/A	-	N/A	-	N/A	-
Educational Endowment Funds	N/A	-	N/A	-	N/A	-	N/A	-	N/A	-
Other	<u>N/A</u>	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>	<u>-</u>
TOTAL	<u>97</u>	<u>\$ 134,998</u>	<u>43</u>	<u>\$ 20,739</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>133</u>	<u>155,737</u>

D. Training, continued

2. Summary

SCHOLARSHIPS

The Louis Bunyan Memorial Scholarship dispersed an award for 1 applicant for postsecondary education and 1 applicant for vocational training for the 2003 spring semester. 2 individuals earned their General Education Diplomas, and 1 individual began the Battery Test. LBMS expenditures for the 2nd Quarter is 2,736.86.

OTHER TRAINING

Fisheries Related

- 11 CVRF members attended a Loan Training held in Bethel.
- 9 CVS participants and 1 instructor attended the HAACP Training in Hooper Bay.
- 4 new crewmembers attended an Orientation for Success held in Anchorage.
- 1 CVS employee facilitated a Long-Lining Training in 3 CVRF communities.

CDQ STAFF/BOARD/INTERNS

- 6 Community Liaisons and attended the Community Liaison training in Bethel.
- 5 staff members attended the New Community Liaison Training in Bethel.
- 2 CVRF staff facilitated a Loan Training in Bethel.
- 2 staff members facilitated the Orientation for Success training in Anchorage.
- 1 staff member attended a Financial and Economic Review Workshop.

E. Other Issues

None noted.

III. Administration

A. State of Alaska Reporting Compliance

1. Board Member Changes:

In the 2nd Quarter, Jonathon Lewis was recommended by the community and approved by the Board to fill the vacancy left by John Erik, Chefornak.

2. Decisions.

See confidential section.

3. Minutes from any meetings.

See confidential section.

B. State of Alaska Reporting Compliance

CVRF submitted its 1st Quarter 2003 report in a timely manner, and will submit this 2nd Quarter 2003 report on time. Additionally, CVRF submitted amendments as required under state and federal regulations.

C. Amendment Status

Several amendments were submitted during the 1st and 2nd Quarters of 2003.

Transfer of pollock from BBEDC:

During January 2003 CVRF submitted amendment #2003-01CV for approval requesting the transfer of 11,000 MT of BBEDC's pollock allocation to CVRF. This amendment was approved.

Transfer of various species to BBEDC:

During January 2003 CVRF submitted amendment #2003-02CV for approval requesting the transfer of various species, to include Atka Mackerel, Pacific ocean perch, groundfish, and related bycatch to BBEDC. This amendment was approved.

Transfer of pollock from CBSFA:

During January 2003 CVRF submitted amendment #2003-03CV for approval requesting the transfer of CBSFA's pollock allocation to CVRF. This amendment was approved.

Alaskan Enterprise and Karin Lynn:

During February 2003 CVRF submitted amendment #2003-04CV for approval for the purchase of the crab boats Alaskan Enterprise and Karin Lynn. This amendment was approved.

Transfer of various species to BBEDC:

During February 2003 CVRF submitted amendment #2003-05CV for approval requesting the additional transfer of various species, to include Atka Mackerel, Pacific ocean perch, groundfish, and related bycatch to BBEDC. This amendment was approved.

Annual Housekeeping:

During February 2003 CVRF submitted amendment #2002-06CV for the annual housekeeping. This amendment highlights the changes in the board membership, changes in

key staff, changes in subsidiaries, and changes to harvesting contracts. This amendment was approved.

#2003-06CV:

During March 2003 CVRF submitted amendment #2003-06CV (duplicate number). This transaction is confidential until closing. This amendment was approved

Transfer of opilio crab from YDFDA:

During February 2003 CVRF submitted amendment #2003-07CV for approval requesting the transfer of 1,843 pounds of YDFDA's opilio crab to CVRF. This amendment was not required to be submitted to the State but was approved by Alaska Department of Fish and Game.

Transfer of pollock from NSEDC:

During March 2003 CVRF submitted amendment #2003-08CV for approval requesting the transfer of 1,500 MT of NSEDC's pollock allocation to CVRF. This amendment was approved.

Mekoryuk Reindeer Project:

During March 2003 CVRF informally submitted amendment #2003-09CV requesting for CVRF to participate/invest in the Mekoryuk Reindeer Project. CVRF is currently in discussions with oversight and is looking forward to beginning this project.

Transfer of other species to BBEDC:

During March 2003 CVRF submitted amendment #2003-10CV for approval requesting the transfer of 10 MT of CVRF's other species allocation to BBEDC. This amendment was approved.

Blue North Group:

During May 2003 CVRF submitted amendment #2003-11CV for approval for the purchase of the crab boats Tempest, Blue Aleutian, Sultan, and Blue Dutch. This amendment was approved.

Transfer of AI Sablefish to YDFDA:

During June 2003 CVRF submitted amendment #2003-12CV for approval requesting the transfer of 60 MT of CVRF's AI sablefish allocation to YDFDA. This amendment was approved.

D. Other Issues

None noted.

IV. Harvesting Report

A. Pollock & Multi-species CDQ Harvest Activities by Target Fishery

CVRF Pollock Target Fishery Harvest Activity								
As of June 30, 2003								
CDQ Reserve Category	Units	Allocation after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	% of Target Harvest
A Season (40%)	mt	23,204.416	23,162.180	-			23,162.180	99.8%
B Season (60%)	mt	32,556.624	-	-			-	0.0%
BS Pollock Total	mt	55,761.040	23,162.180	-	-	-	23,162.180	41.5%
Bycatch								
Pacific Cod	mt	2,749.340	103.462	-			103.462	3.76%
BS FG Sablefish	mt	-	-	-			-	0.00%
AI FG Sablefish	mt	65.550	-	-			-	0.00%
BS Sablefish	mt	8.502	0.023	-			0.023	0.27%
AI Sablefish	mt	3.790	-	-			-	0.00%
WAI Atka Mackerel 543	mt	4.850	-	-			-	0.00%
CAI Atka Mackerel 542	mt	5.300	-	-			-	0.00%
EAI/BS Atka Mackerel 541	mt	11.228	0.009	-			0.009	0.08%
Yellowfin Sole	mt	131.885	0.440	-			0.440	0.33%
Rock Sole	mt	157.000	27.788	-			27.788	17.70%
BS Greenland Turbot	mt	17.170	2.866	-			2.866	16.69%
AI Greenland Turbot	mt	9.820	-	-			-	0.00%
Arrowtooth Flounder	mt	95.950	4.299	-			4.299	4.48%
Flathead Sole	mt	180.000	22.952	-			22.952	12.75%
Other Flatfish	mt	25.250	1.358	-			1.358	5.38%
Alaska Plaice	mt	188.750	0.120	-			0.120	0.06%
BS Pacific Ocean Perch	mt	10.360	0.416	-			0.416	4.02%
WAI Pacific Ocean Perch 543	mt	2.600	-	-			-	0.00%
CAI Pacific Ocean Perch 542	mt	2.400	-	-			-	0.00%
EAI Pacific Ocean Perch 541	mt	7.200	-	-			-	0.00%
AI Northern Rockfish	mt	26.150	-	-			-	0.00%
AI Shortraker/Rougheye Rockfish	mt	5.540	-	-			-	0.00%
BS Other Rockfish	mt	6.720	0.601	-			0.601	8.94%
AI Other Rockfish	mt	7.660	-	-			-	0.00%
Other Species	mt	351.528	18.841	-			18.841	5.36%
PSQ Reserve Category								
Zone 1 Red King Crab	ea	436	-	-			-	0.00%
Zone 1 Bairdi Tanner Crab	ea	2,948	32	-			32	1.09%
Zone 2 Bairdi Tanner Crab	ea	12,255	-	-			-	0.00%
Opilio Tanner Crab	ea	16,429	13	-			13	0.08%
Pacific Halibut (mortality)	mt	41.160	1.882	-			1.882	4.57%
Chinook Salmon	ea	840	743	-			743	88.45%
Non-Chinook Salmon	ea	950	-	-			-	0.00%

CVRF Pacific Cod Target Fishery Harvest Activity

Quarter ended June 30, 2003

CDQ Reserve Category	Units	Allocation after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	% of Target Harvest
A Season (60%)	mt	1,649.604	776.033	745.277			1,521.310	92.22%
B Season (40%)	mt	1,099.736	-	231.437			231.437	21.04%
Pacific Cod Total	mt	2,749.340	776.033	976.714	-	-	1,752.747	63.75%
Bycatch								
Non Pollock Quota	mt	-	-	-			-	0.00%
BS FG Sablefish	mt	-	-	-			-	0.00%
AI FG Sablefish	mt	65.550	-	-			-	0.00%
BS Sablefish	mt	8.502	-	0.012			0.012	0.14%
AI Sablefish	mt	3.790	-	-			-	0.00%
WAI Atka Mackerel 543	mt	4.850	-	-			-	0.00%
CAI Atka Mackerel 542	mt	5.300	-	-			-	0.00%
EAI/BS Atka Mackerel 541	mt	11.228	-	-			-	0.00%
Yellowfin Sole	mt	131.885	0.020	1.520			1.540	1.17%
Rock Sole	mt	157.000	1.409	1.233			2.642	1.68%
BS Greenland Turbot	mt	17.170	-	0.699			0.699	4.07%
AI Greenland Turbot	mt	9.820	-	-			-	0.00%
Arrowtooth Flounder	mt	95.950	1.199	8.316			9.515	9.92%
Flathead Sole	mt	180.000	3.882	3.678			7.560	4.20%
Other Flatfish	mt	25.250	0.101	0.182			0.283	1.12%
Alaska Plaice	mt	188.750	-	0.005			0.005	0.00%
BS Pacific Ocean Perch	mt	10.360	-	-			-	0.00%
WAI Pacific Ocean Perch 543	mt	2.600	-	-			-	0.00%
CAI Pacific Ocean Perch 542	mt	2.400	-	-			-	0.00%
EAI Pacific Ocean Perch 541	mt	7.200	-	-			-	0.00%
AI Northern Rockfish	mt	26.150	-	-			-	0.00%
AI Shortraker/Rougheye Rockfish	mt	5.540	-	-			-	0.00%
BS Other Rockfish	mt	6.720	0.025	-			0.025	0.37%
AI Other Rockfish	mt	7.660	-	-			-	0.00%
Other Species	mt	351.528	99.968	163.621			263.589	74.98%
PSQ Reserve Category								
Zone 1 Red King Crab	ea	436	-	-			-	0.00%
Zone 1 Bairdi Tanner Crab	ea	2,948	-	-			-	0.00%
Zone 2 Bairdi Tanner Crab	ea	12,255	-	-			-	0.00%
Opilio Tanner Crab	ea	16,429	-	-			-	0.00%
Pacific Halibut (mortality)	mt	41.160	1.069	8.794			9.863	23.96%
Chinook Salmon	ea	840	-	-			-	0.00%
Non-Chinook Salmon	ea	950	-	-			-	0.00%

CVRF Halibut Harvest Activity

Quarter Ended June 30, 2003

CDQ Reserve Category	Units	Annual Allocation	Transferred In	Transferred Out	Allocation after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	Percent Harvested	Remaining Allocation
Halibut - 4B	lbs	-	-	-	-	-	-	-		-	-	-
Halibut - 4C	lbs	-	-	-	-	-	-	-		-	-	-
Halibut - 4D	lbs	146,160	-	-	146,160	-	-	-		-	-	146,160
Halibut - 4E	lbs	273,000	-	-	273,000	-	85,900			85,900	31.47%	187,100

CVRF Crab Harvest Activity

Quarter Ended June 30, 2003

CDQ Reserve Category	Units	Annual Allocation	Transferred In	Transferred Out	Allocation after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	CVRF Harvested	YDFDA Harvested	Percent Harvested	Remaining Allocation
Bering Sea <i>C. Opilio</i> (snow) Tanner crab	lbs	360,508	1,843	-	362,351	362,123				362,123	360,394	1,729	99.94%	228
Bering Sea <i>C. Bairdi</i> Tanner crab	lbs	-	-	-	-	-				-	-	-	-	-
Bristol Bay Red King crab	lbs	-	-	-	-	-				-	-	-	-	-
Norton Sound Red King crab	lbs	-	-	-	-	-				-	-	-	-	-
Pribilof Red & Blue King crab	lbs	-	-	-	-	-				-	-	-	-	-
St Matthew Blue King crab	lbs	-	-	-	-	-				-	-	-	-	-

A. Summary, continued

Pollock – There was no activity in this CDQ fishery in the 2nd Quarter.

Pacific cod – The F/V Deep Pacific, F/V North Cape and F/V Lilli Ann harvested 976.714 mt of Pacific cod in the 2nd Quarter. Fishing was stopped as the vessels approached CVRFs 'A' season cap. 92.22% of available 'A' season quota was harvested in 2003. There were no unusual bycatch issues associated with this fishery.

FG Sablefish-AI – There was no activity in this CDQ fishery in the 2nd Quarter.

Halibut – Area 4D – There was no activity in this CDQ fishery in the 2nd Quarter.

Halibut – Area 4E – CVRF resident fishermen caught 85,900 lbs. of Pacific halibut in the 2nd Quarter. All fish were delivered to and processed by CVRF region shoreside plants.

Atka mackerel/POP – The F/T Seafreeze Alaska and F/T Ocean Peace are harvesting CVRF's Atka mackerel and pacific ocean perch (POP) CDQ in 2003. CVRF transferred its available targeted Atka mackerel and POP to BBEDC. Please see their 2nd Quarter 2003 report for additional harvest information.

Flathead/Rock/Yellowfin sole – CVRF transferred its available targeted flathead sole, rock sole and flathead sole to BBEDC to be harvested by USSeafoods. Please see their 2nd Quarter 2003 report for additional harvest information.

Snow/Tanner crab (*Opilio*) – There was no activity in this CDQ fishery in the 2nd Quarter.

Bristol Bay Red King crab – There was no activity in this CDQ fishery in the 2nd Quarter.

B. CDQ Harvest by Quarter and Year-to-Date

MS CDQ / PSQ Account Status Report 2003													
CDQ Group: CVRF CDQ Reserve Category	Units	Initial Allocation	Transferred In	Transferred Out	Allocation after transfers	CDQ / PSQ Catch Reported				YTD Harvest	Percent Harvested	CDQ / PSQ Remaining	Percent Remaining
						1st Qtr	2nd Qtr	3rd Qtr	4th Qtr				
BS Pollock	mt	35,802.240	19,958.800	-	55,761.040	23,162.180	-			23,162.180	41.54%	32,598.860	58.46%
Pacific Cod	mt	2,801.340	63.000	115.000	2,749.340	879.495	976.714			1,856.209	67.51%	893.131	32.49%
BS FG Sablefish	mt	-	-	-	-	-	-			-	-	-	0.00%
AI FG Sablefish	mt	125.550	-	60.000	65.550	-	-			-	0.00%	65.550	100.00%
BS Sablefish	mt	14.170	-	5.668	8.502	0.023	0.012			0.035	0.41%	8.467	99.59%
AI Sablefish	mt	7.540	-	3.750	3.790	-	-			-	0.00%	3.790	100.00%
WAI Atka Mackerel 543	mt	224.850	-	220.000	4.850	-	-			-	0.00%	4.850	100.00%
CAI Atka Mackerel 542	mt	330.300	-	325.000	5.300	-	-			-	0.00%	5.300	100.00%
EAI/BS Atka Mackerel 541	mt	119.850	1.378	110.000	11.228	0.009	-			0.009	0.08%	11.219	99.92%
Yellowfin Sole	mt	376.860	25.025	270.000	131.885	0.460	1.520			1.980	1.50%	129.905	98.50%
Rock Sole	mt	363.000	49.000	255.000	157.000	29.197	1.233			30.430	19.38%	126.570	80.62%
BS Greenland Turbot	mt	34.170	-	17.000	17.170	2.866	0.699			3.565	20.76%	13.605	79.24%
AI Greenland Turbot	mt	17.820	-	8.000	9.820	-	-			-	0.00%	9.820	100.00%
Arrowtooth Flounder	mt	99.450	16.000	19.500	95.950	5.498	8.316			13.814	14.40%	82.136	85.60%
Flathead Sole	mt	225.000	57.000	102.000	180.000	26.834	3.678			30.512	16.95%	149.488	83.05%
Other Flatfish	mt	18.000	8.500	1.250	25.250	1.459	0.182			1.641	6.50%	23.609	93.50%
Alaska Plaice	mt	180.000	8.750	-	188.750	0.120	0.005			0.125	0.07%	188.625	99.93%
BS Pacific Ocean Perch	mt	22.260	1.900	13.800	10.360	0.416	-			0.416	4.02%	9.944	95.98%
WAI Pacific Ocean Perch 543	mt	65.850	-	63.250	2.600	-	-			-	0.00%	2.600	100.00%
CAI Pacific Ocean Perch 542	mt	37.650	-	35.250	2.400	-	-			-	0.00%	2.400	100.00%
EAI Pacific Ocean Perch 541	mt	39.450	-	32.250	7.200	-	-			-	0.00%	7.200	100.00%
AI Northern Rockfish	mt	66.150	-	40.000	26.150	-	-			-	0.00%	26.150	100.00%
AI Shortraker/Rougheye Rockfish	mt	10.540	-	5.000	5.540	-	-			-	0.00%	5.540	100.00%
BS Other Rockfish	mt	12.240	0.480	6.000	6.720	0.626	-			0.626	9.32%	6.094	90.68%
AI Other Rockfish	mt	8.160	-	0.500	7.660	-	-			-	0.00%	7.660	100.00%
Other Species	mt	329.528	32.000	10.000	351.528	118.809	163.621			282.430	80.34%	69.098	19.66%
PSQ Reserve Category													
Zone 1 Red King Crab	ea	873	-	437	436	-	-			-	0.00%	436	100.00%
Zone 1 Bairdi Tanner Crab	ea	5,880	8	2,940	2,948	32	-			32	1.09%	2,916	98.91%
Zone 2 Bairdi Tanner Crab	ea	24,503	2	12,250	12,255	-	-			-	0.00%	12,255	100.00%
Opilio Tanner Crab	ea	32,625	117	16,313	16,429	13	-			13	0.08%	16,416	99.92%
Pacific Halibut (mortality)	mt	41.160	6.000	6.000	41.160	2.951	8.794			11.745	28.53%	29.415	71.47%
Chinook Salmon	ea	594	246	-	840	743	-			743	88.45%	97	11.55%
Non-Chinook Salmon	ea	756	194	-	950	-	-			-	0.00%	950	100.00%
<i>Non-Specific Reserve</i>	mt	75.702	-	-	75.702	-	-			-	0.00%	75.702	100.00%

CVRF Pollock Target Fishery Harvest Activity
Quarter Ended June 30, 2003

CDQ Reserve Category	Units	Initial Allocation Amount	Transferred In	Transferred In	Transferred In	Transferred	Allocation after	Portion of CDQ Group's Transferred Quota Harvested				Harvested Total	% of Target Harvest
			NSEDC	CBSFA	BBEDC	Out	transfers	NSEDC	CBSFA	BBEDC	CVRF		
BS Pollock	mt	35,802.240	1,500.000	7,458.800	11,000.000	-	55,761.040	1,497.316	2,978.182	4,392.127	14,295.175	23,162.800	41.54%
Pacific Cod	mt	2,801.340	-	20.000	43.000	115.000	2,749.340	-	13.303	19.618	70.541	103.462	3.76%
BS FG Sablefish	mt	-	-	-	-	-	-	-	-	-	-	-	0.00%
AI FG Sablefish	mt	125.550	-	-	-	3.750	121.800	-	-	-	-	-	0.00%
BS Sablefish	mt	14.170	-	-	-	5.668	8.502	-	-	-	0.023	0.023	0.27%
AI Sablefish	mt	7.540	-	-	-	3.750	3.790	-	-	-	-	-	0.00%
WAI Atka Mackerel 543	mt	224.850	-	-	-	220.000	4.850	-	-	-	-	-	0.00%
CAI Atka Mackerel 542	mt	330.300	-	-	-	325.000	5.300	-	-	-	-	-	0.00%
EAI/BS Atka mackerel 541	mt	119.850	-	1.278	0.100	110.000	11.228	-	0.001	0.002	0.006	0.009	0.08%
Yellowfin Sole	mt	376.860	-	5.025	20.000	270.000	131.885	-	0.057	0.083	0.300	0.440	0.33%
Rock Sole	mt	363.000	-	18.000	31.000	255.000	157.000	-	3.573	5.269	18.946	27.788	17.70%
BS Greenland Turbot	mt	34.170	-	-	-	17.000	17.170	-	-	-	2.866	2.866	16.69%
AI Greenland Turbot	mt	17.820	-	-	-	8.000	9.820	-	-	-	-	-	0.00%
Arrowtooth Flounder	mt	99.450	-	8.000	8.000	19.500	95.950	-	0.553	0.815	2.931	4.299	4.48%
Flathead Sole	mt	225.000	-	27.000	30.000	102.000	180.000	-	2.951	4.352	15.649	22.952	12.75%
Other Flatfish	mt	18.000	-	4.500	4.000	1.250	25.250	-	0.175	0.258	0.925	1.358	5.38%
Alaska Plaice	mt	180.000	-	3.750	5.000	140.000	48.750	-	0.015	0.023	0.082	0.120	0.25%
BS Pacific Ocean Perch	mt	22.260	-	1.000	0.900	13.800	10.360	-	0.053	0.079	0.284	0.416	4.02%
WAI Pacific Ocean Perch 543	mt	65.850	-	-	-	63.250	2.600	-	-	-	-	-	0.00%
CAI Pacific Ocean Perch 542	mt	37.650	-	-	-	32.250	5.400	-	-	-	-	-	0.00%
EAI Pacific Ocean Perch 541	mt	39.450	-	-	-	32.250	7.200	-	-	-	-	-	0.00%
AI Northern Rockfish	mt	66.150	-	-	-	40.000	26.150	-	-	-	-	-	0.00%
BS Other Rockfish	mt	12.240	-	0.480	-	6.000	6.720	-	0.077	-	0.524	0.601	8.94%
AI Other Rockfish	mt	8.160	-	-	-	0.500	7.660	-	-	-	-	-	0.00%
Other Species	mt	329.528	-	13.000	19.000	10.000	351.528	-	2.423	3.573	12.845	18.841	5.36%
PSQ Reserve Category													
Zone 1 Red King Crab	ea	873	-	-	-	437	436	-	-	-	-	-	0.00%
Zone 1 Bairdi Tanner Crab	ea	5,880	-	8	-	2,940	2,948	-	4	-	28	32	1.09%
Zone 2 Bairdi Tanner Crab	ea	24,503	-	2	-	12,250	12,255	-	-	-	-	-	0.00%
Opilio Tanner Crab	ea	32,625	-	52	65	16,313	16,429	-	2	2	9	13	0.08%
Pacific Halibut (mortality)	mt	41.160	-	3.500	2.500	6.000	41.160	-	0.242	0.357	1.283	1.882	4.57%
Chinook Salmon	ea	594	-	124	122	-	840	-	96	122	525	743	88.43%
Non-Chinook Salmon	ea	756	-	139	55	-	950	-	-	-	-	-	0.00%

C. Compliance

No compliance issues were noted during the 2nd Quarter.

D. Other Fishing Issues/Activities

None Noted.

